

The background of the slide is a dark brown color with a fine, granular texture, resembling coffee powder. A faint, light brown silhouette of a world map is centered in the background. The text is overlaid on this background.

**A GLOBAL GOVERNANCE IDEA
FOR SUPPORTING COFFEE ADAPTATION
TO CLIMATE CHANGE**

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THE VIRTUOUS CIRCLE

**WELL BEING
FOR CONSUMERS**

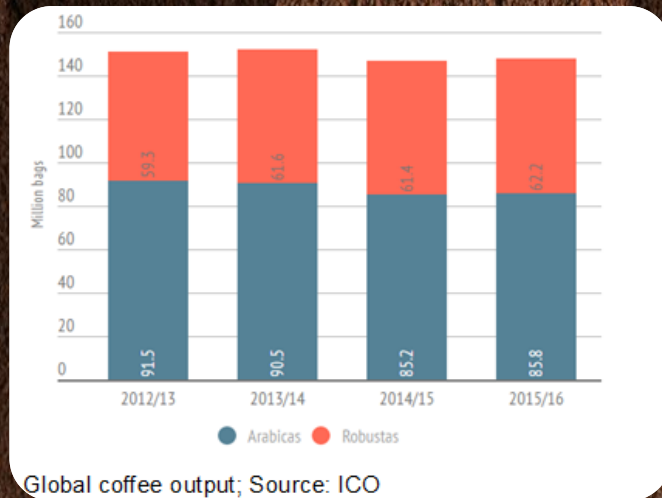
**DEVELOPMENT FOR
COFFEE GROWING
COUNTRIES**

This virtuous circle must be nurtured and accelerated by increasing product value with quality, differentiation and sustainability

COFFEE OUTLOOK

148

million bags of coffee
produced
in 2015/16



151.3

million bags of coffee
consumed
in 2015/2016

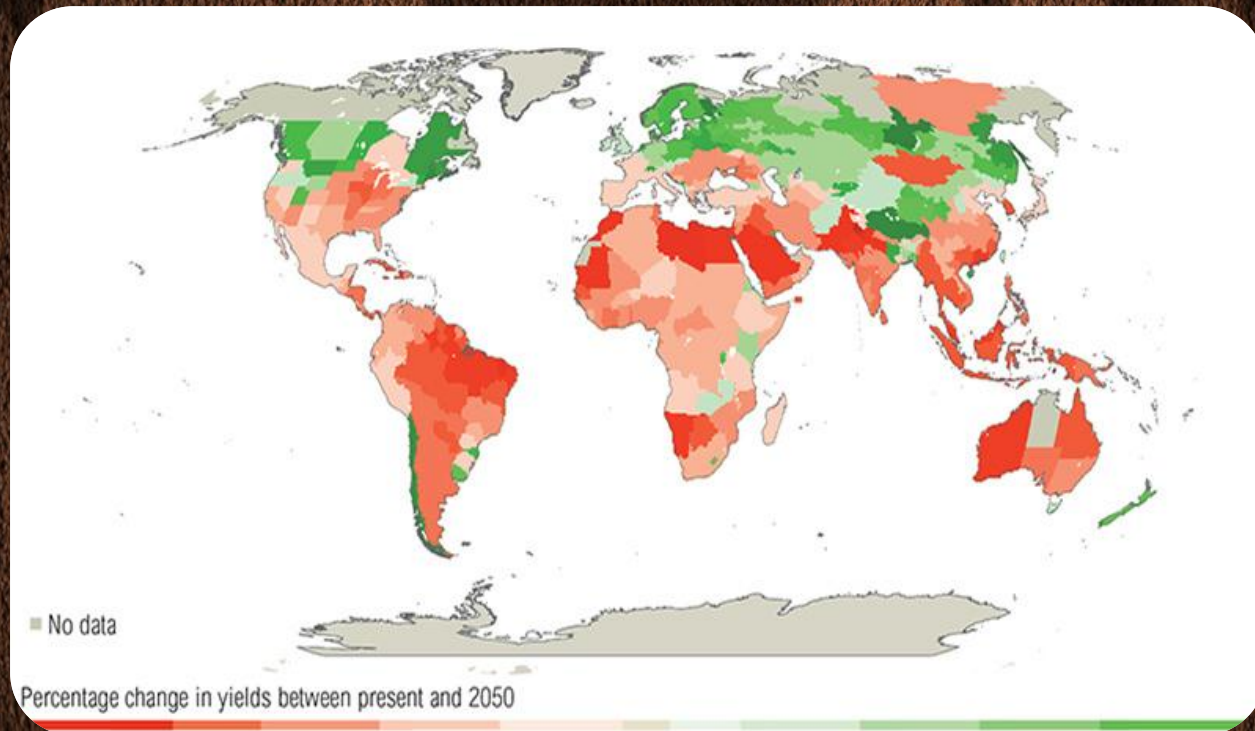


Consumption is increasing and expected to continue **growing**; a 2% CAGR would require doubling coffee production within 2050

Producing countries are the first ring of a long value chain; yet they receive only about **10%** of the global retail market **value**

CLIMATE CHANGE

- **Climate change** is the most severe threat facing agriculture production and the coffee sector
- **Suitable land** is estimated to be half by mid-century
- Coffee is a **perennial crop** and a few decades represents a very short time frame
- Doubling production with half the suitable land is a challenge



IMPACTS

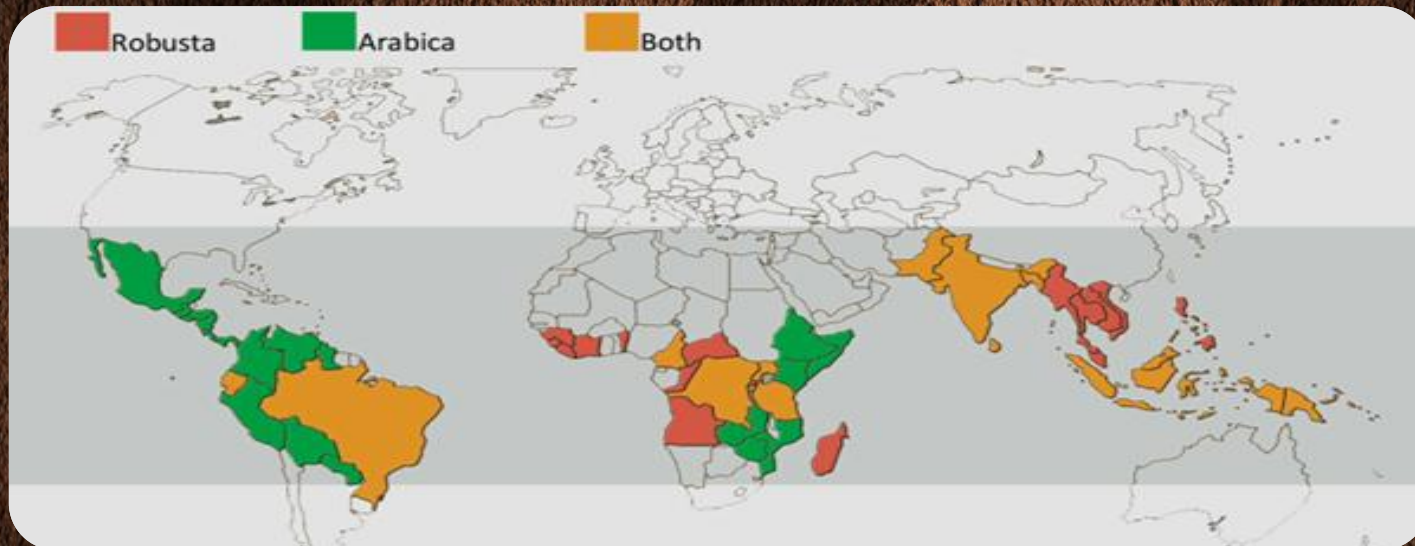
Failure to solve the problem would lead to a **price shock** and significant **social problems** for rural coffee communities

Probably 80% of the people who grow coffee in over 50 countries will be impacted

ARABICA

Arabica, the best quality choice, is very sensitive to high temperature, drought and disease proliferation, whereas Robusta is much less threatened

First to be impacted by climate change is **quality** of the crop and the second to be compromised is **productivity**



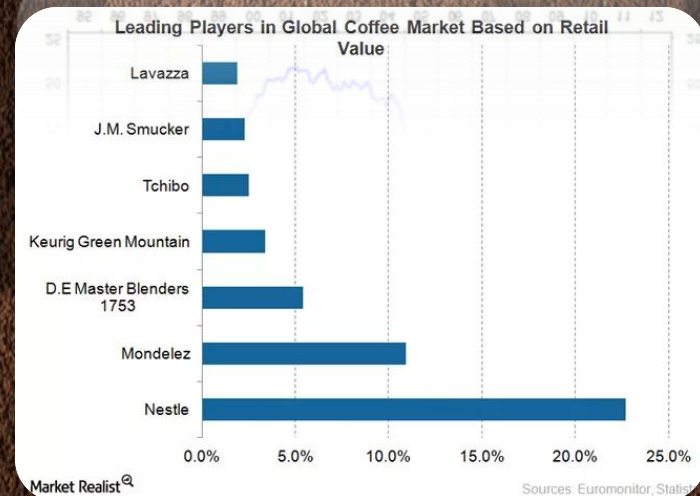
Source German coffee association

INVESTMENT

Investment in producing countries is more difficult due to:

Existing **underdevelopment** and the high **volatility** of the coffee market

Consolidation of the coffee sector might put even more pressure on the market



ADAPTATION

The three steps towards a **holistic approach** in **adapting** to climate change are:

- I. Changing **agronomical practices**
- I. Developing **new** resistant **cultivars**
- II. **Migrating** production areas

SITUATION

- Coffee agriculture has been **undergoing** these **changes** for at least two decades
- Many **projects** are in place but the number, scale and timing are largely unknown
- Significant **resources** are needed – human, knowledge and financial – in order to cope with the rapid acceleration of climate change
- Several organizations are already addressing coffee and climate change, however, **competition** among them might undermine the capacity to reach the necessary **critical mass** and the deployment of the holistic approach

GOVERNANCE

There is a **trade off** in managing such a complex problem: the 'invisible hand' approach or try to govern initiatives?

COOPERATION

In the past the coffee sector has been successful in addressing other relevant **precompetitive** issues through collaboration, cooperation and coordination

GLOBAL ARABICA PLAN

The purpose of the possible **Global Arabica Plan (GAP)** would be to organize three critical activities which can accelerate the process:

I. Fund raising

A **public/private partnership** could mobilize **resources** from the **industry, institutions and philanthropists**

II. Knowledge transfer

New technologies such as genomics, artificial intelligence, water management, etc. are critical and require a multi-disciplinary approach

III. Coordination

Coffee producing countries need to coordinate their initiatives and share their **best practices**

GLOBAL ARABICA PLAN

- The GAP approach should be **multi-stakeholder** involving institutions from consuming and growing countries
- A dedicated **legal entity** should be appointed for the GAP **governance**, whereas projects should continue to be managed by a **network** of existing and possible future organizations
- The International Coffee Organization is the intergovernmental representative of the institutions; the Swiss Coffee Trade Association is the representative of the industry; UBS is the representative of philanthropists'

NEXT STEPS

Next steps are:

- To discuss the idea with relevant stakeholders
- To create a **task force** for GAP definition and recommendations, including which organization to appoint – by either selecting among the existing ones or creating a new dedicated one – for the GAP governance